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DEPARTMENT OF STATE

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PA/HO Department of State  
E.O. 12958, as amended  
September 6, 2007

By ST/3M Date 4/8/98

# IRGRAM

POL 1 LIBYA-25

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Original to be Filed in \_\_\_\_\_ Decentralized Files.

FILE DESIGNATION

HANDLING INDICATOR

A-6

NO.

TO : Amembassy TRIPOLI

JUN 16 4 23 PM '71

FROM : Department of State

DATE:

SUBJECT : Policy Planning Paper

REF : CA-5632, November 3, 1970

## SUGGESTED DISTRIBUTION

Attached are three copies of the Policy Planning Paper for Libya, as approved by the members of the NSC Interdepartmental Group for Africa.

The paper constitutes an official statement of US policy towards Libya and should be used as a guideline by all elements of the Embassy in the preparation of policy statements, action plans and future budgetary projections.

## POST ROUTING

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Enclosures As Stated

ROGERS

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Drafted by:

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AF - W. Beverly Carter, Jr.

Clearances:

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LIBYA: Policy Planning Paper

Introduction

In approving this paper, Ambassador Palmer has stressed the importance of viewing U.S. policy towards Libya not just in bilateral terms, but also in the wider context of other significant U.S. interests and policies in the area which condition all our relations with Libya. These include: (1) the dependence of Europe on Libyan oil production and on U.S. oil companies as suppliers, set against the unpredictable character, relatively unrestrained freedom of action and aggressive oil policies of the present Libyan regime; (2) the increased Soviet presence in the Mediterranean combined with the reduction of Western (U.S., UK and Italian influence in Libya since the 1969 coup; (3) the U.S. commitment to a peaceful solution of the Arab-Israel conflict and to the security of Israel, set against Libya's militant Arab nationalist posture; and (4) the fluid inter-Arab political situation, including the evolving nature of the Arab Federation.

In examining these considerations, it should be born in mind that we are dealing with a primitive, largely illiterate people of under two million, living in a country with presumed limited (apart from oil) natural resources, and led by relatively inexperienced and unpredictable men. Libya's income from oil revenues will soon be \$2 billion a year, and her foreign exchange reserves may, in five years, equal those of Italy. How this enormous wealth will be used, and what will happen politically and economically as a result, remains very much to be seen. The American oil companies have retained their predominant position in Libya, and the LARG appears to be inclined to turn to the U.S. for its technological needs. 450 Libyan students are in the United States, and some movement of non-petroleum oriented technology and capital towards Libya is discernible.

We are deliberately keeping a low official profile in Libya, and the next months and probably years will be ones of watchful waiting and patient efforts to help keep the LARG on a moderate and sensible track. It follows that some of the listed "U.S. objectives" are more properly described as hopes."

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A. U.S. Interests in Libya

1. Libyan oil is a critical factor in maintaining the economic and military position of our NATO allies.

2. Our efforts to promote a political accommodation between Arabs and Israelis, as well as the genuine independence and non-alignment of the Arab States, can be seriously affected, positively or negatively, by the LAR's use of its wealth.

3. A combination of the LAR's geographic position and the possibility that Soviet military influence might spread westward from the UAR involves our strategic interests in the North African littoral, in the Mediterranean and in NATO's southern flank in general. Our strategic interests are essentially negative in Libya. It would be contrary to our interests for Libya to be utilized by a hostile power capable of effective military action against NATO.

4. An American community numbering approximately 3,900.

5. Private American investment of more than one billion dollars in the Libyan petroleum industry. The industry has been a major contributor to the U.S. balance of payments (\$828 million in 1969).

6. The LARG's own economic development objectives make it a significant, if not a major, market for our capital goods and our technical, scientific and managerial services.

B. U.S. Objectives Over the Next Five Years

1. Maintenance of the flow of oil to Western Europe, preferably through US intermediaries.

2. Preservation of the US private interest in Libyan oil whether through present or transformed nondiscriminatory arrangements which would assure a continued return from the LAR to the US balance of payments.

3. A LARG tolerant of, if not confident in, U.S. objectives and policies not only vis-a-vis the regime but also vis-a-vis the Arab-Israeli dispute and the broader area of Pan-Arab nationalism. Accordingly, continued LARG interest in maintaining diplomatic relations and official contact with the USG.

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4. A moderation of the LARG's external policies, especially with respect to the Middle East.

5. Increased understanding on the part of the Libyan public of U.S. motives, objectives and policies regarding the LAR, the Arab World and global issues.

6. LARG facilitation of the security and working conditions of the resident American community.

7. A LAR prepared to turn to U.S. suppliers and service organizations for the implementation of its development plan, thus building a U.S. "presence," of sufficient importance to Libya, to "cushion" us from politically inspired actions.

C. LAR Objectives Vis-a-Vis the United States

1. Continued non-alignment of the LAR as an independent entity and the non-alignment of any Arab union to which the LAR might adhere.

2. A change in U.S. policy on the Arab-Israeli issue, using whatever leverage is available without causing fundamental damage to the LARG's own vital interests to promote such a change.

3. Increased LARG control over the oil industry and its share of petroleum revenues to the fullest extent possible without risking a total disruption of current production or long-term loss of markets.

4. Continued limitation of US capacity to exercise political influence on LAR internal politics or indigenous groups.

5. Access to US technological resources, where clearly superior to competitive sources, provided that such relationships do not require unacceptable political costs.

6. Continued, even if limited, access to US military supplies and training.

D. Recommended Courses of Action

1. Coordinate with Western European allies contingency plans which would assure availability of LAR or alternative energy supplies in the event the LARG should begin to use oil as a political weapon or otherwise restrict exports to Europe beyond tolerable levels. (US Objective No. 1)

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2. Restrain the LARG's inclination towards precipitate action by (1) identifying contentious issues as early as possible and suggesting to the parties means by which they might be resolved cooperatively; (2) alternatively, promoting a LARG awareness of potential risks and costs to it (e.g. in oil) of such precipitate actions. (US Objectives Nos. 1, 2/LARG Objectives Nos. 1, 3).

3. Continue, whenever and however possible, efforts to foster a dialogue with the RCC and other elements of the LARG on bilateral, Middle Eastern, and world problems. (US Objectives Nos. 3, 4/LARG Objective No. 1)

4. Adopt a positive attitude toward, or at least avoid postures which could be construed as hostile to, constructive moves by the LAR vis-a-vis Arab Unity (e.g. Tripartite/Quadripartite Unity), provided the collective components appear prepared to accept a peaceful settlement in the Middle East. (US Objectives Nos. 3, 4/LARG Objective No. 1)

5. Fulfill to the extent possible outstanding commitments under our bilateral military supply relationship and substitute for it, as quickly as possible, alternative commercial relationships. Continue to provide modest amounts of CONUS training in response to requests by the Libyan Air Force and maintain a small Military Liaison Section. Provide munitions export control clearances for reasonable amounts of materiel.

6. In areas where direct US influence is precluded, encourage an increased Western European interest and an interest by moderate Arab States in the LAR in order to moderate the LARG's foreign policy position and to provide alternatives to communist military and economic offers (US Objective No. 4/LARG Objective No. 1).

7. Expand VOA broadcasting in Arabic to North Africa, specifically to the LAR, both as a means of reaching the important local audience which cannot be contacted through necessarily low-profile USIS programs today, and as a hedge against the very real possibility that local programs might be further restricted in the future (US Objectives Nos. 3, 4, 5).

8. Conduct low-key USIS and exchange of persons programs aimed at gaining respect for and understanding of the US and, to the extent possible, support for US Government policies (US Objectives Nos. 3, 4, 5).

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9. Encourage and cooperate with LARG programs for placing students in US educational institutions, utilizing when appropriate the resources of such organizations as AFME (US Objective No. 5/LARG Objective No. 5).

10. Insist LARG respect security and rights of American citizens and encourage it to make tolerable their working conditions (US Objective No. 6).

11. Make available to the LARG information about US capabilities in the development field and, in response to specific LARG requests, provide appropriate advice and assistance under the Transfer of Technology Program. Develop a more effective capability to promote the transfer of US Government and private technology to Libya, including further emphasis on developing the Washington capability to mobilize and publicize U.S. resources, both to the Libyan Embassy in Washington and to the LAR through the US Embassy in Libya (US Objective No. 7/LARG Objective No. 5).

12. Expand the national development libraries of publications, in Arabic and English, at the USIS centers in Tripoli and Benghazi to meet local demand for such materials (US Objective No. 7/LARG Objective No. 5).

13. Concentrate US export promotion efforts on encouraging American firms to participate in projects under the LARG's Five Year Plan (US Objective No. 7/LARG Objective No. 5).

14. Reduction of the official U.S. Government mission to levels consistent with diminished USG influence and access vis-a-vis Libya (US Objective 3/LARG Objective No. 4).

15. Insure that the LARG is aware of the advantages, both bilaterally and in Middle Eastern and international terms, of maintaining diplomatic relations with the US, preferably at the Ambassadorial level.

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